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CPD

Centre for
Policy
Dialogue
Bangladesh

Quarterly

FROM the editor's desk

CPD has organised a number of important events during this quarter covering both domestic and regional issues.

In view of substantial damages caused by two consecutive floods during July-September period and cyclone 'Sidr' in Southern part of Bangladesh, CPD in association with BRAC has organised two press briefings to inform the media and the general public as regards damages caused by flood and Sidr and necessary support required for agricultural rehabilitation in the affected regions. These estimates of damages and suggested measures for rehabilitation such as agricultural loan, package assistance for irrigation support, and seasonal crop loan from micro-finance organisations, were done on the basis of quick appraisals of the affected regions.

A study was conducted by CPD focusing on restructuring and upgrading in the export-oriented clothing and textile sector in view of MFA phase out. Based on this study a dialogue titled '*Bangladesh's Apparel Sector in Post MFA Period: A Benchmarking Study on the Ongoing Restructuring Process*' was organised by CPD in association with SEDF. The dialogue discussed the findings of the study and the recommendations made for enhancing the competitiveness of the RMG sector of Bangladesh.

CPD has been organising *Trade Policy Appreciation Workshop* on WTO and Bangladesh since 2000, and the eighth in this series was held during this quarter. The objective of the workshop was to contribute towards capacity building in trade-related research and policy making in Bangladesh. Workshop participants came from different public and private organisations. The participants at the workshop were exposed to an in-depth discussion on themes such as NAMA, GATS and development dimensions of the WTO Doha Round. They also participated in a simulation exercise on negotiation. At the end of this three-day long workshop, a dialogue was organised to discuss the Future of Doha Round.

On the regional front, CPD jointly with India International Centre (IIC) organised the Sixteenth Indo-Bangladesh dialogue. Participants discussed issues such as disaster management, water resource development, development of the energy and communications, trade and investment. The dialogue emphasised on resolving all major unsettled issues, and also on enhancing bilateral cooperation in these areas of mutual importance.



Debapriya Bhattacharya addresses the dialogue (from Left) A Matin Chowdhury, Deepak Adhikary, Abdur Rashid Sarker, A B Mirza Azizul Islam, Mustafizur Rahman and Anwar-Ul-Alam Chowdhury are also seen

Policy interventions for strengthening competitiveness in the RMG sector required immediately

CPD Study reveals

Dispelling all fears that the apparel sector in Bangladesh will be facing extreme difficulties after the phase-out of the Multi-fibre Arrangement from 31 December 2004, the sector has been able to increase its export and sustain it in the following years.

The potential sector, however, is faced with some challenges, including the social compliance, that need to be addressed to survive stiff competition from other fast-growing exporting countries. In such a situation, the state of Bangladesh's apparel sector was discussed in detail at a dialogue on *Bangladesh's Apparel Sector in Post-MFA Period: A Benchmarking Study on the Ongoing Restructuring Process*.

The dialogue was organised by the Centre for Policy Dialogue (CPD) in association with South Asia Enterprise Development Facility (SEDF), marking the release of the study in Dhaka on 8 October 2007. A B Mirza Azizul Islam, Advisor for Finance, Planning and Commerce to the Caretaker Government, was present as the Chief Guest and Md Abdur Rashid Sarker, Secretary, Ministry of Textiles and Jute was the Special Guest at the event. Deepak Adhikary of SEDF was present as the Guest of Honour.

A Matin Chowdhury, Former Chairman, BTMA, Fazlul Haque, President, BKMEA, Anwar-Ul-Alam Chowdhury, President, BGMEA and Mashuda Khatun Shefali, Executive Director, Nari Uddug Kendra

were the designated discussants at the dialogue. Debapriya Bhattacharya, Executive Director of CPD, presided over the session. Research Director Mustafizur Rahman and Khondaker Golam Moazzem, Research Fellow of CPD, presented the study findings at the dialogue.

CPD prepared the report based on the findings of a survey containing the state of compliance in the garment industry, ongoing restructuring of the apparel sector, livelihood issues concerning RMG workers, structural weaknesses and future challenges of the RMG sector. The report suggested policies for strengthening competitiveness of the apparel sector.

Presenting the study, Mustafizur Rahman noted that in Bangladesh both woven and knit are doing well, and net income from export has increased. Bangladesh's share in the global apparel market has increased after the phase-out of MFA. He said if Bangladesh can maintain its share in the global market at the rate of 2.59 per cent of 2006, the country will be able to post export earnings worth one thousand and five hundred crore dollars in 2011.

Therefore, there are opportunities, but also there are challenges. The study focused on identifying those opportunities and challenges in the event of changes that are taking place in other countries. It observed that shortage of electricity, competition with China, inadequate port

(Continued on page 2)



competitiveness in the RMG sector

(from page 1)

facilities, lengthy lead-time and non-implementation of new wage structures are the major structural weaknesses of the country's readymade garment sector.

Speakers were of the view that Bangladesh may face a renewed threat from its main competitor China when export limits imposed on that country are lifted in 2008.

In his speech, A B Mirza Azizul Islam stressed the need for ensuring social compliance in the RMG industry and said the government was playing the role of intermediary. The industry owners should also take care of the due wages and other basic rights of the workers. About facilitating reinvestment from profits through giving tax incentives, the Finance Advisor said the incentives were badly misused in the past.

He advised the RMG sector operators to raise capital from the stock market.

Moderating the dialogue, Debapriya Bhattacharya, quoted the findings of the study and said that the working condition in large factories are better and so the profitability, as better wages yield better productivity. It is the small and medium factories who face difficulty. BKMEA President Fazlul Haque responded to this comment by saying that productivity of the RMG factories that met social compliance increased by 21 per cent and wages by 13 per cent while prices of apparel items declined by 6 per cent. He told the dialogue about the recent trend of placing export orders with high hope that the sluggish export trends until September this year would bounce back from this month onwards to rise to about 20 per cent.

Dwelling on the unrest in the sector, BGMEA

President Anwar-ul-Alam Chowdhury said, "There are some problems other than fulfilling social compliance, which the industry owners cannot resolve even if you raise minimum wages to TK 16,000." Regarding productivity he held different views and said introduction of social compliance rather reduced the productivity in the local industry. He also mentioned high interest rate of 16 per cent, and noted that it is halting competitiveness of local apparel entrepreneurs. This rate is only 5 per cent in China and Pakistan, he added. BGMEA President informed the dialogue that out of 2800 factories, only 65 factories could not pay minimum to its workers and they have been given time up to September 30 to comply with the rule.

Academics, business and trade union leaders and NGO representatives also spoke at the dialogue.



Special Announcement

CPD Executive Director Dr. Debapriya Bhattacharya was appointed as Bangladesh's Ambassador and Permanent Representative to the World Trade Organization (WTO) and United Nations Offices in Geneva. Ambassador Bhattacharya joined his new responsibilities in November, 2007.

The CPD family got together on the evening of 1 November 2007, to bid farewell to Dr. Bhattacharya.

Professor Mustafizur Rahman, Research Director, CPD has taken over as the new Executive Director of CPD.

Eighth Trade Policy Appreciation Workshop on WTO and Bangladesh

The 'Eighth Trade Policy Appreciation Workshop on WTO and Bangladesh' was held from 26-28 December 2007, at the BRAC Centre Inn, Dhaka. This is an annual event under CPD's Trade Related Research and Policy Development (TRRPD) programme. The objective of the workshop is to strengthen trade related capacity building in Bangladesh, particularly in the context of the ongoing negotiations in the WTO.

A total of 27 participants from Ministries and functionary bodies, academia, research institutions, Chambers, civil society and advocacy organisations attended the Workshop. Shishir Priyadarshi, Deputy Director General, Development Division, WTO Secretariat, Geneva, H.E. Debapriya Bhattacharya, Ambassador and Permanent Representative, of the People's Republic of Bangladesh to WTO and UN offices in Geneva and the senior CPD officials acted as the



Participants at the eighth Trade Policy Workshop on WTO and Bangladesh

resource persons. This year, the Workshop focused on the following areas: a) Multilateral Trading System and the WTO; b) Agreement on Agriculture; c) Non-Agricultural Market Access (NAMA); d) Development Package of the Doha Round and Aid for Trade Programme; e) General Agreement on Trade in Services (GATS); and f) Understanding Trade Negotiations. A distinctive feature of the Workshop was a day long

session on simulation exercise of trade negotiation in the WTO.

On conclusion of the workshop, certificates of achievement were awarded to the participants by Iftekhar Ahmed Chowdhury, Honourable Advisor to the Caretaker Government, Ministries of Foreign Affairs and Overseas Employment & Expatriates' Welfare, Bangladesh. The Acting Canadian High Commissioner, Rajani Alexander was also present at the ceremony as the Special Guest.



DIALOGUE

Trade liberalisation exacted a negative impact on overall employment in the country

CPD-ILO study asserts

There was a sharp debate among economists, researchers, experts and the government policy makers as regards impact of trade liberalisation on employment of different sectors of Bangladesh's economy. Such a difference of opinion came to the fore at a dialogue on *Impact of Trade Liberalisation on Employment in Bangladesh* organised by the CPD in Dhaka on 9 December 2007, at BRAC Centre Inn Auditorium. The dialogue was organised marking the release of a study prepared under a programme jointly implemented by the CPD and



Mustafizur Rahman speaks while Wasel Bin Shadat, A B Mirza Azizul Islam, Rehman Sobhan and Rizwanul Islam pay attention

the International Labour Organization (ILO), Geneva. Finance Advisor A B Mirza Azizul Islam was present as the Chief Guest at the dialogue chaired by the CPD Chairman Rehman Sobhan. Selim Raihan, Associate Professor, Department of Economics, University of Dhaka and Wasel Bin Shadat, Senior Research Associate of CPD presented the keynote paper based on the study findings. The study reveals that trade liberalisation exacted a negative impact on overall employment in the country, while agriculture and manufacturing sectors are the worst sufferers. Trade liberalisation policy is being pursued in Bangladesh since the 1980's. The study finds drop in import weighted average rate of tariff. It came down to 6.98 per cent in 2006-07 from 24.1 per cent in 1991-92, with the maximum tariff rate coming down from 350 per cent in 1991-92 to 25 per cent in 2006-07. According to the Labour Force Survey (LFS) conducted by the Bureau of Statistics, unemployment rate rose to 4.2 per cent in the fiscal year of 2005-06 from 1.8 per cent in 1983-84. Trade liberalisation, however, has led to increase in employment in the service sector, according to the study. The Finance Advisor, however, ruled out any negative impact on

employment in Bangladesh due to trade liberalisation. He said mainly the managerial drawbacks might have caused a slump in employment in some industries, but this was not due to trade liberalisation. The trade policy of the government is not responsible for any negative impact on employment, he claimed. Trade liberalisation is aimed at infusing dynamism into the economy. It enhances efficiency of different sectors; however, the sectors which are not efficient will be adversely affected. Liberalisation particularly benefited the labour-

intensive industrial sectors, the Advisor added. Experts, entrepreneurs and economists could not agree with the observation of the Finance Advisor. Jute, weaving and re-rolling sectors, according to them, have been hit hard due to trade liberalisation. Employment opportunities in such sectors have been reduced. Without protecting the interest of the local industries, massive liberalisation of trade will cast further negative impact on economy as well as employment, speakers viewed. Dwelling on trade liberalisation, Rehman Sobhan said, "We are now falling behind India in the world jute market as India is much more protectionist regarding jute and Pakistan is doing the same. We should have done the same in the past, but we didn't." He further said, "Our readymade garments are now facing stiff competition in the US market. Our export is shrinking. The World Bank tells us to give up import protection policy, but it doesn't say anything about export protection." CPD Executive Director Mustafizur Rahman noted, there has been a positive impact of liberalisation on the export-oriented industries. Apart (see page 4)

Press Briefings

Quick farm rehab recommended at CPD-BRAC press conference

About 10 lakh tonnes of standing Aman crop have been damaged in the devastating cyclone Sidr in the southern districts of Bangladesh. The Sidr hit the country on November 15 in 2007. The situation will not only threaten the national food security, but also put the same at stake at the family level. So steps should be taken to rehabilitate farms as early as possible. Such a recommendation was made at a press conference jointly organised by the CPD and BRAC on 10 December 2007, at CPD office. A report titled *Post-Sidr Agriculture Rehabilitation*, jointly prepared by Mahabub Hossain, Executive Director of BRAC and Uttam Kumar Deb, Senior Research Fellow of CPD, was disclosed at the press conference. Addressing the press conference Mahabub Hossain said around 8.7 million people, 1.5 million houses and 4.1 million trees have been affected by the worst-ever cyclone. The estimated loss of rice is 5,35,000 tonnes

in four severely affected districts of Barguna, Bagerhat, Patuakhali and Pirojpur. About 5, 40,000 tonnes of rice were damaged in eight



Mahabub Hossain briefs media. Mustafizur Rahman and Uttam Deb are also seen in the picture

badly affected districts including Barisal, Bhola, Jhalakathi and Khulna. Mahabub Hossain said Aman is the only crop in the affected districts. The huge crop loss cannot be made up by only providing seed and fertiliser. Each of the affected families should be given agricultural loan worth TK 10

thousand. A package assistance should be provided which will make tillage equipment, low lift pump for irrigation available to the farmers. Mahabub Hossain said that the current practice of weekly installment in repaying loans will not be feasible for the farmers under their present situation. Rather they would prefer seasonal crop loan which they can repay in one or two installments after the harvest of crops. Executive Director of CPD Mustafizur Rahman was also present at the press conference. He noted that the country will suffer from the shortage of 20 lakh tonnes of rice due to damage of rice production in the affected areas. He further said temporary VGF cards, food for works should be introduced and other allocations of budget should be properly distributed to make up the losses. Instead of more foreign aid, proper utilisation of internal resources can help avert the crisis. If the government can draw up a proper plan for necessary farm rehabilitation, it will not be a big pressure on the country's macro economy, he added.



Time is ripe to settle issues with Delhi

Indo-Bangladesh dialogue in Dhaka told

The prevailing relations between Bangladesh and India are now very favourable to resolve thorny issues pending between the two friendly countries. The time is now ripe to work out mechanisms to settle unresolved issues.

Laying stress on political goodwill to resolve the existing problems between the two countries, Foreign Affairs Advisor Iftekhar Ahmed Chowdhury expressed such views at the inaugural session of the three-day *Sixteenth Indo-Bangladesh dialogue* in Dhaka.

The dialogue held during 11-15 December 2007 was organised by the CPD in collaboration with India International Centre (IIC), New Delhi, at the BRAC Centre Inn Auditorium. The inaugural session was chaired jointly by CPD chairman Rehman Sobhan and former Indian diplomat Deb Mukharji. Executive Director of CPD Mustafizur Rahman delivered welcome speech at the inaugural session.

A 10-member Indian delegation led by Mukharji participated at the dialogue which was designed to make recommendations for cooperation in disaster management, water resources development, development of the energy sector and cooperation in communications, trade and investment.

Iftekhar also touched upon trade, water distribution, climate change, energy and connectivity issues. He said it is necessary to address the issue of market access of Bangladeshi products into Indian market to bridge the huge gap in bilateral trade. The water-sharing issues, including diversion of water from Tipaimukh were a matter of concern not only of Bangladeshi people, but also of many Indians, he added.

Rehman Sobhan marked this dialogue initiative as an effort at the civil society level to bring together concerned individuals outside the two governments to address regional and bilateral issues. He called for collective approach to finding a shared solution of the problems caused by climate change and flooding.

Deb Mukharji suggested efforts to deal with issues of trade, investment and connectivity for

Minister A M A Muhith also spoke at the concluding session chaired by CPD Chairman Rehman Sobhan.

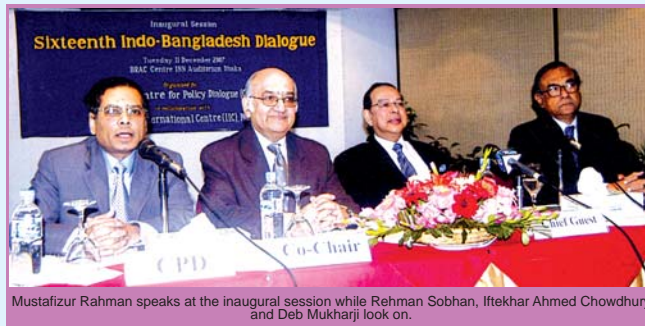
Mustafizur Rahman presented a set of recommendations which included, establish a common information network and joint management system since both countries face similar natural disasters; initiate necessary steps to channel Ganga water into areas that

are likely to have water shortage; explore the regional trading through a SAARC Grid, in line with Southern African Power Pool (SAPP); set up a revolving fund to promote investment flow to Bangladesh from India; review the tax structure downwards and reduce formalities at border crossings in order to increase mobility among these countries; make full use of the existing railway systems in South Asia to promote better connectivity.

In his speech, Tapan Choudhury

said India recently offered to sell electricity to Bangladesh from a 4000 mw power plant being built in Tripura. But Bangladesh is unlikely to respond to this offer because of high tariff rate. In response, the Indian High Commissioner said the tariff offer is negotiable and Bangladesh can negotiate the power price.

On the question whether there is any possibility of importing rice from India through private channel, the High Commissioner ruled out any such possibility, because he said competition out of this may lead to price hike in Indian market. India has pledged to export 5 lakh tonnes of rice to Bangladesh under government channel.



Mustafizur Rahman speaks at the inaugural session while Rehman Sobhan, Iftekhar Ahmed Chowdhury and Deb Mukharji look on.

mutual benefit of two neighbours. "What is good for Bangladesh is good for India", he observed. The two governments must realise this and the motto must be used to drive the efforts on trade, investment and connectivity, he added. He suggested for taking positive and pragmatic approach to deal with unresolved issues for greater interests of the peoples of both the countries.

At the concluding session, Tapan Choudhury, Advisor for Energy and Mineral Resources, was present as the Chief Guest. Indian High Commissioner Pinak Ranjan Chakravarty, Former Indian Foreign Secretary Muchkund Dubey, Indian Member of Parliament (BJP) from Orissa state M A K Swain, Former Jatiya Party lawmaker G M Quader, former Finance

post-flood steps

(from page 7)

rehabilitation programme, simplification of fertiliser distribution, strengthening of seed supply system, agri-loan distribution and further expansion of the ongoing social protection activities of the government.

The report stresses identification of marginal and affected farmers before taking up the agri-rehab programme. It also mentioned the issue of smuggling out of fertiliser from the country to India that led to shortfall in domestic supply.

The team suggested that the allocation worth of TK 1, 649 crore for a massive social protection programme should reach the affected farmers.

Debapriya concluded the briefing by saying that control of prices will be difficult in the next season unless prices of diesel and fertiliser are reduced and supply of all agri-inputs is ensured.

trade liberalisation on employment

(from page 3)

from production, the demand for labour, and the wages have also increased, he said. With the kind of mixed experiences we have had, we should be more careful in liberalising our trade. On the issue of increase in unemployment rate Rahman said, with this scenario, achieving the PRSP target of employment generation will not be possible. The PRSP target in this sector is 58.08 million by 2008, but the LFS showed that the total employment stood at 47.4 million in 2005-06.

Special Advisor of ILO Rizwanul Islam remarked, rather than going for

sweeping trade liberalisation, it would be important to adjust the policy to suit the situation of the country. In Bangladesh, in some sectors employment has increased but in other sectors, people have lost their jobs. Appropriate measures should be taken to provide social protection and facilitate alternative sources of livelihood for those who lost jobs in the process of adjustment due to trade liberalisation.

President, Employers Federation Kamran T Rahman, Former President of DCCI Sayeeful Islam, General Secretary of Bangladesh Trade Union Kendra Wajedul Islam Khan, Professor Ali Rashid of North South University Economics Department, labour leader and jute expert Shahidullah Chowdhury, Professor Gour Gobinda Gauswami, Department of Economics, North South University, Farooq Ahmed, Secretary, MCCI and Nazneen Ahmed, Research Fellow, BIDS also took part in the discussion.

Discussion Meeting on CPD's Jute Study

As a part of its study on Jute Sector of Bangladesh, CPD has planned to conduct an indepth survey of 50 jute mills encompassing all major sub-sectors of the industry. A focus group discussion was held at CPD office on 15 November 2007 to review and finalise the questionnaire prepared for this field study. Senior officials from different stakeholder organisations, including Bangladesh Jute Mills Corporation (BJMC), Bangladesh Jute Mills Association (BJMA), Bangladesh Jute Spinners Association (BJSA), and Bangladesh Jute Research Institute (BJRI) were present at the meeting.

Press Briefings
CPD launches

Global Competitiveness Report 2007-08 and Bangladesh Competitiveness Environment Study 2007

CPD Executive Director Mustafizur Rahman briefed the media about the seventh report on *Global Competitiveness Study 2007-08* in a press briefing organised by CPD on 31 October 2008. CPD, in collaboration with World Economic Forum (WEF), has been assessing the Business Competitiveness Environment in Bangladesh since 2001. This report was prepared on the basis of a perception survey conducted by CPD in Bangladesh, as a part of global survey conducted in other countries.



Mustafizur Rahman addresses media while CPD researchers pay attention.

According to the report, Bangladesh slipped back to 107th position in the Global Competitiveness Index (GCI) in 2007. In 2006 the country ranked 99 out of 125 countries. Bangladesh also slid down by 19 positions in the Business Competitiveness Index of 2007, ranking 118th compared to its last year's ranking of 99. Lamenting the situation, Rahman said, "This is worrying and has important implications for the economy."

Under the survey, the business executives have identified corruption, inefficiency of bureaucracy, insufficient infrastructure, policy inconsistency and stagnancy in trade and investment as the main reasons for this downside in indices. The report, however, reveals that in some areas Bangladesh has made some progress. But the pace of progress is slow

as compared to other advancing countries.

CPD conducted survey during first three months of 2007 among 99 business houses that have capital base over TK 10 crore. On the basis of the survey WEF prepared the report on competitiveness.

Not only Bangladesh, this time all other South Asian countries, except Sri Lanka, are on the list of downside. India ranked 48th slipping back six steps, and Pakistan 92nd sliding nine steps. Sri Lanka rose to 70th position by advancing 11 steps. The US is on

the top of the list of GCI. But the UK dropped to ninth from second position.

The CPD Executive Director said institutional reforms that are being done now will not produce immediate results. He said inflation in the economy may appear as a big challenge. If it cannot be curbed it may have a negative impact. Besides, there has been a sense of fear in the business circle due to the ongoing anti-graft drive.

Director, Dialogue and Communication Anisatul Fatema Yousuf, Senior Research Fellows Uttam Kumar Deb and Fahmida Khatun, Research Fellow Khondaker Golam Moazzem and Senior Research Associate Wasel Bin Sadaat were also present on the occasion.

Dialogue

Bilateral talks needed for duty-free market access

speakers observed at CPD dialogue

Developed countries, on the one hand, offer preferential market facilities, but they try to control the economy of poor countries, on the other, by imposing various stringent terms and conditions. The Doha Round could not produce any tangible result in long seven years due to such a double standard policy of the developed countries.

Speakers made such observations at a dialogue on *Future of Doha Round* organised by the Centre for Policy Dialogue in Dhaka on 28 December 2007, at the BRAC Centre Inn Auditorium.

CPD Chairman Rehman Sobhan presided over the dialogue while Foreign Affairs Advisor Iftekhar Ahmed Chowdhury was present as the Chief Guest. Acting High Commissioner of Canadian High Commission Rajani Alexander was the Special Guest and newly-appointed Permanent Representative of Bangladesh to the WTO and UN offices in Geneva Debapriya Bhattacharya was present as the Guest of Honour. Deputy Director General (Development Division) of WTO Secretariat in Geneva Shishir Priyadarshi and Debapriya Bhattacharya made keynote presentations at the dialogue.

In his presentation Shishir Priyadarshi said the Doha Round has to be completed by 2008. Mentioning that a lot of tasks are yet to be done, he said all the parties are to sit with a compromising attitude as the talks are not at the final stage. Quoting a research report



Iftekhar Ahmed Chowdhury addresses the dialogue (from left) Shishir Priyadarshi, Rajani Alexander, Rehman Sobhan, Debapriya Bhattacharya and Mustafizur Rahman pay attention.

Priyadarshi said the exports of the LDCs would rise 8 times if they were provided with duty and quota free market facilities.

Debapriya Bhattacharya made a presentation on End Game of the Current WTO Negotiations: Priority and challenges for Bangladesh at the dialogue. He laid emphasis on identifying the right products for their duty-free access to developed countries including the US. Negotiations on providing duty-free access for 97 per cent products have not yet started. He told the dialogue that the US had sought a list of Bangladeshi products that lost market after the quota phase-out in 2005. The reality is that Bangladesh did not lose market, rather the export of apparel had increased. He noted that the US election is very near and at this point the Bush administration will not take the risk of providing extra facility to Bangladesh. Therefore, apart from multilateral talks, Bangladesh should also continue negotiation on bilateral basis, Bhattacharya said, adding that coordination between

commerce, finance and foreign ministries, and the government and the private sector is needed to achieve that goal.

In his speech, Iftekhar Ahmed Chowdhury said that the developed countries had started a mockery with the LDCs by proposing duty-free facilities for 97 per cent of goods from the latter. The Doha Round of WTO talks began in 2001 and the proposal of duty-free access for 97 per cent products was made at the

ministerial level meeting of WTO held in 2005 in Hong Kong. "As per our estimate it has been found that 60 per cent of the Bangladesh's exportables do not fall in the category of that duty-free facility. Even our main export earner RMG is not there," he lamented.

For achieving duty-free access the Advisor agreed with Bhattacharya and stressed the need for pursuing bilateral talks with different countries. He said he has already sent letters to all US Congress men so that Bangladesh can get the duty-free access of its products. Iftekhar said even after the Hong Kong ministerial meeting in December 2005, many trade ministers claimed a win-win-outcome. But by July 2006, most of the euphemism disappeared and the talks came to a halt. Laying stress on liberalising movement of low-skilled labour throughout the globe, Iftekhar said the issue should be given due preference on a bid to help the LDCs develop.

Executive Director of CPD Mustafizur Rahman and other senior officials of government and non-government agencies took part in the discussion.



Research Reports

Jute Sector of Bangladesh: Constraints, Opportunities and Policy Options

The CPD has recently initiated a study on Jute Sector of Bangladesh: Constraints, Opportunities and Policy Options. The major objectives of this study is to examine the economics of jute cultivation, efficiency of manufacturing jute goods and competitiveness of raw jute and jute goods in the international market, with a view to come up with policy suggestions for sustainable growth of this sector. In order to appreciate major issues and concerns related with the sector as well as to share planning of the study, the CPD organised a brainstorming session in July 2007 and held a dialogue at the Ministry of Textiles and Jute in October 2007, with participation of major stakeholders. The whole study has three components. These are: (i) economics of jute cultivation (jute agriculture), (ii) performance of jute manufacturing industry (jute industry), and (iii) export competitiveness of jute and jute production (export and policy issues). The CPD has undertaken an extensive survey to elicit the required information and data. To this end, an in-depth survey of 360 jute farmers, 109 market intermediaries in 12 districts, 45 jute mills and 85 workers was carried out during November-December, 2007. In addition, data entry and analysis has been completed and report writing is going on. The study is scheduled to be completed by the end of March 2008.

CPD-UNDP Pro-poor Macro Study

A collaboration between the CPD and The United Nations Development Programme (UNDP) has been initiated with a view to undertake joint initiatives in developing pro-poor macroeconomic policies in the context of Bangladesh through research, advocacy and dissemination. As part of the programme, CPD undertook a number of studies which would examine the relevance and impact of macroeconomic policies with regard to various aspects of the Bangladesh economy with a view to establishing benchmarks for revised "second generation" of poverty reduction strategies. Renowned researchers from CPD and other academic institutes have already undertaken 9 different studies covering the following broad areas: Addressing regional inequality, corruption and rent-seeking issues in Bangladesh public expenditure; Poverty-Environment nexus: an investigation linkage and policy implications; Public expenditure; employment and poverty in Bangladesh; The poverty alleviating impact of remittances in Bangladesh; Regional poverty and income inequality trend in Bangladesh: implications for agricultural development strategy; Trade policies: implications for poverty alleviation; Poverty incidence of taxation in Bangladesh; Gender and poverty in Bangladesh; and Social safety net as an instrument to poverty reduction. The findings of the studies will be presented in a dialogue and published as a book.

Post-Flood Agriculture: Observations from Field Visits, and Implications for Rehabilitation Programme

Bangladesh had experienced two consecutive floods in 2007. To assess the nature and extent of loss occurred by flood, on-going agricultural activities, and support needed by farmers for agricultural rehabilitation, a team of researchers from CPD and BRAC jointly made an extensive field visit and consultations with farmers in six districts (Tangail, Sirajganj, Dhunot (Bogra), Gaibandha, Rangpur, Kurigram, and Lalmonirhat) during 4-6 October 2007. Based on the observations from field visits and consultation with farmers, a report was prepared. The report observed that the problem of flooding was highly localised and the areas affected were mostly located within a few kilometers away on both sides of rivers and canals. The report also made an assessment of farmers' coping and production strategy in the Rabi season and constraints to realising their plans. Finally, the report put forward some suggestions as regards post-flood agricultural rehabilitation programmes. Suggestions include free supply of fertiliser (two bags of urea, one bag of phosphate and potash), seed of major crops (10 kg of seeds of hybrid rice and hybrid maize) to all farm households in flood affected areas, which will effectively cover marginal farm households as well as provide some support to households with larger size of holdings. The report mentioned that for a successful post-flood crop rehabilitation programme would also require adequate supply of fertiliser, and agricultural credit. It added that

Government machinery should be fully geared to initiate the VGF and VGD activities programmed under the ADP in the flood affected areas.

State of the Bangladesh Economy in First Six Months of FY2007-08: Changes and Challenges Ahead

A team of CPD researchers led by Professor Mustafizur Rahman has completed a study on "State of the Bangladesh Economy in First Six Months of FY2007-08: Changes and Challenges Ahead". The study has focused on three major areas: (a) review of the performance of major macro-economic correlates during the first six months of the current fiscal year; (b) outlook for the prospects of achieving the targets set for FY2008; and (c) identified the major challenges for the government ahead.

The study observed seven hopes and eight disquiets of macro-economic performance in the first six months of the FY2008. It has also identified a number of challenges which need to be addressed in the last six months of FY2008. It added that in the process of globalisation, Bangladesh is coming under rising pressure in the form of higher domestic prices, higher import payments, sluggish export performance, stalled investment growth and pressure on the balance of trade and balance of payments. The study cautioned that these are likely to pose serious challenges for the achievement of the major macro-economic targets set in the budget for FY2007-08.

Global Competitiveness Report 2007-2008 and Bangladesh Business Environment Study 2007

The Global Competitiveness Report (GCR) 2007-2008 has been globally launched on 31 October, 2007. The World Economic Forum (WEF), Switzerland prepared the report in collaboration with a large number of organisations all over the world. Since 2001, Bangladesh has been included as a reporting country in the GCR. An 'executive opinion survey' has been carried out in each reporting country as part of the study and CPD has done the survey in Bangladesh since 2001. This is the consecutive seventh time CPD launched the Report in Bangladesh. Along with the Report, CPD released the Bangladesh Business Environment Study 2007, which is based on the findings of a separate survey carried out simultaneously with that of the GCR during February-April, 2007. A total of 99 business executives have participated in this year's survey, while more than 11,000 executives from 127 countries participated in the survey at global level. The study is being carried out by a team of CPD-researchers led by Debapriya Bhattacharya, former Executive Director of CPD. Mustafizur Rahman, Executive Director of CPD has briefed major findings of these two reports to the journalists. The other members of this study are Khondaker Golam Moazzem, Wasel bin Shadat and Khaleda Akhter.

Issues for Post-Sidr Agricultural Rehabilitation: Insights from Farmers' Consultation

The cyclone Sidr that hit Bangladesh on 15 November 2007 devastated vast areas in the Southwestern coast. The cyclone severely ravaged 12 districts of Bangladesh. A joint team of CPD-BRAC researchers visited extensive areas and consulted with farmers, rice scientists, agricultural experts and development workers in four severely affected districts (Barguna, Bagerhat, Patuakhali and Pirojpur) during 6-8 December 2007. Based on information obtained through the farmers' consultations, and analysis of secondary data a report was prepared. The report estimated an approximate loss of about 1.0 million metric tonnes of rice production. It added that vegetables in the severely affected areas were lost entirely, fish ponds were flooded and the fish escaped to creeks and canals, severe damage occurred to plants, substantial loss on account of social forestry, and damage of cattle and poultry birds. The report argued that agriculture rehabilitation in the Sidr-affected areas would require assistance in the form of supply of critical inputs, such as quality seeds and tillage and irrigation services, and timely availability of fertilisers, agricultural credit.



Research Reports

Economic Cost of Domestic Violence

The Centre for Policy Dialogue (CPD) has undertaken a study entitled 'Economic Costs of Domestic Violence in Bangladesh: A Focused Investigation on a Set of Revealed Cases.' The major objective of the study is to estimate the economic costs associated with domestic violence in Bangladesh. In view of the increased prevalence of domestic violence and its long term impact on the economy there is an urgent need for estimating both physical and psychological costs. In this regard, CPD organised an Inception Meeting which was attended by distinguished group of experts of different development organisations. In order to understand the nature and extent of violence in districts outside Dhaka and to conduct more extensive study 200 victims have been interviewed on the basis of a structured questionnaire.

These cases of victims were identified with the help of different human rights organisations such as Ain-O-Shalish Kendra, BNWLA, Bangladesh Mohila Parishad, and BLAST. The survey team visited field offices of those organisations situated in Mymensingh, Kishorgonj, Khulna, Jessore, Rajshahi, Pabna, Dinajpur, Rangpur, Chittagong and Comilla.

Impact of Trade Liberalisation on Employment in Bangladesh

The study titled 'Impact of Trade Liberalisation on Employment in Bangladesh' has examined the changes in the employment scenario of

Bangladesh following the pursuance of the trade liberalisation strategy and the possible effects of further trade liberalisation. Prepared under a programme jointly implemented by the CPD and ILO, the study has first reviewed the tariff reforms pursued in Bangladesh and traced the dynamics of changes in the relevant correlates since the early 1980s. Based on an examination of the speed of change in the major trade liberalisation related correlates and indicators, four phases of reform process in Bangladesh were identified with a view to subsequently establishing the interface and impact of the trade liberalisation with the country's labour market dynamics. With this in mind the study reviewed the change in structure of employment in formal and informal sectors of Bangladesh during the pre and post-liberalisation period. In a nutshell, the purpose of this study was to understand the nature of relationship between trade reforms and labour market dynamics in the context of Bangladesh economy to make an assessment about the impact of various measures of trade liberalisation on macro and sectoral disaggregated level movements in the labour market. To capture this impact, indicators of trade liberalisation were needed to be analysed for which a number of tools and techniques along with econometric models including computable general equilibrium (CGE) modeling were applied. Based on these analyses, the report has put forward concrete policy recommendations with a view to exploring the likely impact of various scenarios encountered from the analysis on sectoral labour demand in Bangladesh economy.

Ensure timely supply of seed and fertiliser

CPD-BRAC field survey stresses post-flood steps

The shortfall in production of food in the current fiscal will stand at five lakh tonnes due to the recent flood. The control of food prices will be difficult next year if prices of diesel and fertiliser are not reduced, and adequate supply of agricultural loans to farmers is not ensured.

This was stated in a field survey report jointly prepared by CPD and BRAC on the damage of the flood. The report was released by CPD at its office in Dhaka on 11 October 2007 presented the findings to the press. Executive Director of CPD Debapriya Bhattacharya and other senior officials of CPD were present on the occasion.

The report has been prepared on the basis of direct interaction with flood-affected farmers of Tangail, Sirajganj, Dhunat of Bogra, Gaibandha, Rangpur, Kurigram and Lalmonirhat districts. The field survey revealed that the extent of damage to crops in two subsequent floods is more



Mahabub Hossain speaks while Debapriya Bhattacharya and Uttam Kumar Deb look on

than that of floods in 1998 and 2004. The Aman saplings that were planted have been totally damaged in the second flood in 2007. Farmers have lost their capital on two occasions in a single season. They said although phosphate and potash are available in the market, the scarcity of urea is acute. Farmers are suffering a lot as they have to collect certificate for collecting urea fertiliser from local public representative and agriculture officials. Besides they have mentioned the shortage of crop seed and agri-loans. They further said the irrigation in the next dry season will be a big challenge for them.

The CPD-BRAC joint survey team has recommended the government to take five-point policy step to make up the losses. These are agriculture

(see page 4)

CPD Professionals Overseas**Rehman Sobhan, Chairman**

Visited as Fellow at the Columbia University from 23 September - 6 November 2007, in New York, USA.

Attended the ad hoc expert meeting on 'Managing Structural Transformation in the Least Developed Countries' organised by the United Nations' Special Programme on Least Developed, Landlocked and Island Developing, from 8-9 November 2007, in Geneva, Switzerland.

Debapriya Bhattacharya, Executive Director (up to 15 October 2007)

Attended the '1st Annual Forum of Developing Country Investment Negotiators' organised by the International Institute for Sustainable Development (IISD), from 1-2 October 2007, in Singapore.

Anisatul Fatema Yousuf, Director

Participated at the 'Trans-boundary Water Dialogue', organised by the IUCN Bangladesh in association with Delft-Hydraulics, India from 22-24 November 2007, in New Delhi, India.

Fahmida Khatun, Senior Research Fellow

Presented a paper on 'Employment and Working Conditions in the Bangladesh Clothing Industry: Results of a Recent Survey', at a

Seminar organised by the North South Institute (NSI), on 18 October 2007, in Ottawa, Canada.

Khondaker Golam Moazzem, Research Fellow

Attended Research Workshop on 'Emerging Trade Issues for Developing Countries of Asia and Pacific Region' organised by Asia Pacific Research and Training Network on Trade (ARTNeT), World Trade Organization (WTO), and International Development Research Centre (IDRC), from 10-11 December 2007, in Macau.

Attended Multi-Stakeholder Steering Committee Meeting of the Asia-Pacific Research and Training Network on Trade (ARTNeT) organised by ARTNeT on 12 December 2007, in Macau.

Uttam Kumar Deb, Senior Research Fellow

Participated at the UNDP Regional Trade Workshop on 'Doha and Beyond: Incorporating Human Development into Trade Negotiations' from 17-18 December 2007 in Penang, Malaysia.

Motahar Samnan, Research Associate

Participated at an International Conference titled 'Exploring New Regionalism: The EU, India & Beyond' from October 30 to November 1, 2007, in New Delhi, India.



Publications

Journal Articles

Deb, U.K. 2007. Performance of the Rice Economy in Bangladesh: Impact of Policies on Production, Trade and Welfare Gains. Bangladesh Arthoniti Samity Samoyiki 2007-A Periodical of Bangladesh Economic Association. Volume 2: 633-650.

Deb, U.K., M.M. Billah and N.C. Das. 2007. Foodgrain Production Situation in the 21st Century: A District Level Analysis. Bangladesh Arthoniti Samity Samoyiki 2007-A Periodical of Bangladesh Economic Association. Volume 2: 651-680.

Mandal, M.A. Sattar, S.K. Bairagi and S. Rahman. 2005 (Released in December 2007). Vertical Integration in Bangladesh Agriculture: The Case of Contract Farming for High Value Food Products. Bangladesh Journal of Political Economy. Vol. 22, No. (1&2): 1-12.

Conference / Workshop Papers

Deb, U.K. 2007. Agricultural Diversification: Progress, Constraints and Policy Issues. Presented at the Workshop on 'Changes and Innovations in Food and Agriculture System in Bangladesh: Implications for Pro-Poor Growth', organised jointly by the Bangladesh Institute of Development Studies (BIDS), the Bangladesh Rice Foundation (BRF) and the Research and Evaluation Division of BRAC in collaboration with the International Food Policy Research Institute (IFPRI), held on 26-27 November 2007 at the BRAC Centre Inn, Dhaka.

Rahman, M., D. Bhattacharya, and K.G. Moazzem. 2007. Dynamics of Ongoing Changes in Bangladesh's Export-Oriented RMG Enterprises: Findings from an Enterprise Level Survey. Proceedings of the XVI Biennial Conference on 'Participatory Development: External and Internal Changes', organised by the Bangladesh Economic Association, held on 12-15 December 2007, at Dhaka.

Raymond, J. and S.D. Gupta. 2007. The Role of the Public Sector in Promoting Foreign Direct Investment: Discussion of a Developing Country: Sri-Lanka. Presented at the 5th International Conference on 'Supply Chain Management and Information Systems Conference 2007', held on December 9-12 2007, in Melbourne, Australia.

Policy Briefs

Rahman, M. and A. Anwar. 2007. New Partnership for Development Act of 2007: Perspectives from Bangladesh. CPD Policy Brief Series: 27, Dhaka: Centre for Policy Dialogue (CPD).

Rahman, M. and A. Anwar. 2007. Bangladesh's Possible Strategies in view of UNCTAD's Revised List with Regard to NAMA Draft (Annex 2 and Annex 3). CPD Policy Brief Series: 26, Dhaka: Centre for Policy Dialogue (CPD).

Hossain, M. and U.K. Deb. 2007. Post-Flood Agriculture: Observations

from Field Visits, and Implications for Rehabilitation Programme. Dhaka: Centre for Policy Dialogue (CPD).

Hossain, M. and U.K. Deb. 2007. Issues for Post-SIDR Agricultural Rehabilitation: Insights from Farmers' Consultation. Dhaka: Centre for Policy Dialogue (CPD).

Newspaper Articles

Hossain, M. and U.K. Deb. 2007. *এবং ডি. এস. বি. 'কি কল: গুলু চলে গেল' (in Bangla)*. Prothom Alo, 19 October 2007.

Rahman, M., D. Bhattacharya, and K.G. Moazzem. 2007. RMG Sector in Post-MFA Period: Policies for Strengthening Competitiveness. The Daily Star, 21-23 October 2007.

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Hossain, M. and U.K. Deb. 2007. Rehabilitation of Post-Flood Agriculture: Some Policy Suggestions. The Daily Star, 26 October 2007.

Hossain, M. and U.K. Deb. 2007. *এবং ডি. এস. বি. 'কি কল: গুলু চলে গেল' (in Bangla)*. Prothom Alo, 27 October 2007 and *Dainik Desh Bangla*, 31 October 2007.

Rahman, M., S. Raihan, and W.B. Shadat. 2007. Impact of Trade Liberalisation on Employment in Bangladesh: Summary of Results and Policy Implications. The Financial Express, 30 December 2007.

Book Chapters

Moazzem, K.G. 2007. 'Regional Cooperation for Investment in South Asia: In Search of New Areas for Cooperation' in V.A. Pai Panandiker and Rahul Tripathi (ed.) *Towards Freedom in South Asia: Democratization, Peace and Regional Cooperation* India: Konark Publishers.

Dialogue Reports

CPD. 2007. Current Crisis in the Power Sector: Nature of Problem and the Way Forward. Dialogue Report No. 85. Dhaka: Centre for Policy Dialogue (CPD).

CPD. 2007. Gender Dimension of Employment in the RMG Sector: Recent Evidence from the Field Survey. Dialogue Report No. 89. Dhaka: Centre for Policy Dialogue (CPD).

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Rahman, M., D. Bhattacharya, and K.G. Moazzem. 2007. Bangladesh's Apparel Sector in Post-MFA Period: A Benchmarking Study on the Ongoing Restructuring Process, Research Report. CPD in association with the SEDF, Dhaka.



Ambassador of the Republic of South Korea, H E Mr Suk Bum Park accompanied by other officials visited CPD on 22 October 2007. Visiting guests were informed about various activities of CPD

CPD researchers met with Textiles and Jute Advisor

A five member CPD team led by the Executive Director Mustafizur Rahman met the Textiles and Jute Advisor Geeteara Safiya Choudhury on 29 October 2007 to discuss CPD's study on Jute Sector of Bangladesh: Constraints, Opportunities and Policy Options which was initiated recently. CPD Executive Director made a presentation on the scope, rationale and progress of the study. The major objectives of this study was to examine the economics of jute cultivation, efficiency of manufacturing jute goods and competitiveness of raw jute and jute goods in the international market with a view to come up with policy suggestions for sustainable growth of the sector. Other members of the team included Anisatul Fatema Yousuf, Director, Uttam Kumar Deb and Fahmida Khantun, Senior Research Fellows and Khondaker Golam Moazzem, Research Fellow of the CPD. The meeting was also attended by high level government officials of the concerned ministries.